

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

Fostoria Post Office
Fostoria, IA 51340

Docket No. A2012-91

UNITED STATES POSTAL SERVICE'S COMMENTS REGARDING APPEAL
(January 24, 2012)

On November 30, 2011, the Postal Regulatory Commission ("Commission") received an appeal postmarked November 21, 2011, from postal customer Linda Birchard ("Petitioner Birchard") objecting to the discontinuance of the Post Office at Fostoria, Iowa ("Fostoria Post Office").¹ On December 8, 2011, the Commission also received an appeal from postal customer Marlin Voss ("Petitioner Voss") objecting to the discontinuance of the Fostoria Post Office. On December 9, 2011, the Commission received appeals from postal customers Jody Shatto ("Petitioner J. Shatto"), Kathleen Shatto ("Petitioner K. Shatto"), and Gale Jacobson ("Petitioner Jacobson") objecting to the discontinuance of the Fostoria Post Office. On December 21, 2011, the Commission issued Order No. 1064, its Notice and Order Accepting Appeal and Establishing Procedural Schedule, under 39 U.S.C. § 404(d). In accordance with Order No. 1064, the administrative record was also filed with the Commission on December 15, 2011. The following is the Postal Service's brief in support of its decision to close the Fostoria Post Office.

¹ This discontinuance was conducted pursuant to Handbook PO-101, dated August 2004, and updated with Postal Bulletin revisions through August 2, 2007.

The appeals received by the Commission raise three main issues: (1) the effect on postal services, (2) the impact upon the Fostoria community, and (3) the calculation of economic savings expected to result from the discontinuance of the Fostoria Post Office. As reflected in the administrative record (“Administrative Record” or “AR”) of this proceeding, the Postal Service gave these issues serious consideration. In addition, consistent with the Postal Service’s statutory obligations and Commission precedent,² the Postal Service gave consideration to a number of other issues, including the impact upon postal employees. Accordingly, the determination to discontinue the Fostoria Post Office should be affirmed.

Background

The Final Determination to Close the Fostoria Post Office and Establish Service by Rural Route Service (“Final Determination” or “FD”), as well as the Administrative Record, indicate that the Fostoria Post Office provides EAS-11 level service to 98 Post Office Box (“P.O. Box”) customers, no delivery customers, and retail customers 36 hours per week.³ The postmaster of the Fostoria Post Office retired on July 2, 2010.⁴ Since the postmaster vacancy arose, an Officer in Charge (“OIC”) was installed to operate the office.⁵ The non-

² See 39 U.S.C. §404(d)(2)(A).

³ FD at 2; Item No. 18, (Form 4920) Post Office Closing or Consolidation Proposal Fact Sheet (“Fact Sheet”), at 1; Item No. 33, Proposal, at 1; Item No. 41, Revised Proposal, at 2. The Final Determination can be found at Item 47 in the administrative record. All citations to the Final Determination will be to “FD at __,” rather than to Item 47. The FD page number refers to the pages as marked on the upper left of the document. Other items in the administrative record are referred to as “Item No. __.”

⁴ FD at 2; Item No. 18, Form 4290: Fact Sheet, at 1; Item No. 33, Proposal, at 2.

⁵ FD at 2; Item No. 33, Proposal, at 2.

career postmaster relief (“PMR”) serving as the OIC may be separated from the Postal Service; however, attempts will be made to reassign the employee to a nearby facility.⁶ The average number of daily retail window transactions at the Fostoria Post Office is 16, accounting for 17 minutes of workload daily.⁷ Over the last three years revenue has steadily declined: \$47,061 in FY 2008 (123 revenue units); \$42,628 in FY 2009 (111 revenue units); and \$41,223 in FY 2010 (108 revenue units).⁸

Upon implementation of the Final Determination, retail services will be provided by Rural Route Service to Cluster Box Units (“Cluster Boxes” or “CBU’s”) under the administrative responsibility of the Post Office in Spencer, Iowa⁹ (“Spencer Post Office”); an EAS-20 level office located seven miles away, which has 560 available Post Office Boxes.¹⁰ These services will continue after the implementation of the Final Determination.¹¹

The Postal Service followed the proper procedures that led to the posting of the Final Determination. All issues raised by the customers of the Fostoria Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and Final Determination, customers received notice through other means. Questionnaires were distributed to all P.O. Box customers of the

⁶ FD at 10; Item No. 33, Proposal, at 10.

⁷ FD at 2; Item No. 33, Proposal, at 2.

⁸ FD at 2; Item No. 18, Form 4290: Fact Sheet, at 1; Item No. 33, Proposal, at 2.

⁹ The Spencer Post Office will be the administrative office for the Fostoria Post Office. The Spencer Post Office is not a candidate facility within the Retail Access Optimization Initiative (RAOI). See Docket No. N2011-1, USPS LR-N2011-1/11 Rev, at <http://www.prc.gov/prc-pages/library/detail.aspx?docketId=N2011-1&docketPart=Documents&docId=75971&docType=Library%20References&attrID=&attrName=>

¹⁰ FD at 2; Item No. 18, Form 4290: Fact Sheet, at 1; Item No. 33, Proposal, at 2.

¹¹ FD at 2.

Fostoria Post Office.¹² Questionnaires were also available over the counter at the Fostoria Post Office.¹³ A letter from the Manager of Post Office Operations, Cedar Rapids, Iowa, was also made available to postal customers.¹⁴ This letter advised customers that the Postal Service was evaluating whether the continued operation of the Fostoria Post Office was warranted, and that effective and regular service could be provided through rural route service administered by the Spencer Post Office.¹⁵ The letter invited customers to express their opinions about the service they were receiving and the effects of a possible change in the way postal services were provided.¹⁶ Sixty-five customers returned questionnaires, and the Postal Service responded.¹⁷ In addition, on April 26, 2011, representatives from the Postal Service were available at the Fostoria City Hall, in Fostoria, IA, for a community meeting to answer questions and provide information to customers.¹⁸ Customers received formal notice of the Proposal and Final Determination through postings at the Fostoria and Spencer Post Offices, and the Post Office in Milford, Iowa¹⁹ (“Milford Post Office”). The Proposal was posted with an invitation for public comment at these three Post Offices for sixty days, beginning on July 18, 2011.²⁰ Five responses were

¹² FD at 2; Item No. 20, Questionnaire Instruction Letter to OIC/Postmaster, at 1; Item No. 33, Proposal, at 2.

¹³ Id.

¹⁴ Item No. 21, Questionnaire Cover Letter, at 1.

¹⁵ Id.

¹⁶ Id.

¹⁷ See *Generally*, Item No. 22, Returned Customer Questionnaires and Response Letters; Item No. 23, Analysis of Questionnaires, at 1-4.

¹⁸ Item No. 24, Community Meeting Roster, at 1-3.

¹⁹ The Milford Post Office is not a candidate facility within the RAOI. See Docket No. N2011-1, USPS LR-N2011-1/11 Rev, at <http://www.prc.gov/prc-pages/library/detail.aspx?docketId=N2011-1&docketPart=Documents&docid=75971&docType=Library%20References&attrID=&attrName=>

²⁰ Item No. 36, Round-dated Proposals and Invitations for Comments from Affected Post Offices, at 1-6.

received after the proposal was posted.²¹ The Postal Service responded to those concerns.²² The Final Determination was posted at the Fostoria, Spencer, and Milford Post Offices starting on November 7, 2011 as confirmed by the round-date stamped Final Determination cover sheets that appear in the administrative record.²³

In light of a postmaster vacancy;²⁴ minimal workload;²⁵ declining office revenue;²⁶ the variety of delivery and retail options (including the convenience of retail services provided by rural route service);²⁷ minimal impact upon the community;²⁸ and the expected financial savings,²⁹ the Postal Service issued the Final Determination.³⁰ Regular and effective postal services will continue to be provided to the Fostoria community in a cost-effective manner upon implementation of the Final Determination.

Each of the issues raised by the Petitioner is addressed in the paragraphs which follow.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered

²¹ See *Generally*, Item No. 38, Proposal Comments and USPS Response Letters; Item No. 40, Analysis of 60-Day Comments, at 1.

²² *Id.*

²³ Item No. 49, Round-date Stamped Final Determination Cover Sheets, at 1-2. The removal stamps for the Fostoria, Spencer, and Milford Post Offices are not included in the Administrative Record, because the Final Determinations are still currently posted.

²⁴ FD at 2; Item No. 18, Form 4920: Fact Sheet, at 1; Item No. 33, Proposal, at 2.

²⁵ FD at 2; Item No. 9, Worksheet for Calculating Work Service Credit, at 1; Item No. 10, Window Transaction Record, at 1; Item No. 33, Proposal, at 2.

²⁶ Item No. 18, Form 4920: Fact Sheet, at 1.

²⁷ FD at 2; Item No. 33, Proposal, at 2.

²⁸ FD at 7-8; Item No. 33, Proposal, at 8-9.

²⁹ FD at 8; Item No. 33, Proposal, at 10.

³⁰ FD at 2-10.

the effect of closing the Fostoria Post Office on postal services provided to Fostoria customers.³¹ The closing is premised upon providing regular and effective postal services to the customers of the Fostoria Post Office.

Petitioners, in their letters of appeal, raise concerns about the inconvenience of traveling to the nearest Post Office in Spencer, IA. In particular, Petitioners cite the fourteen mile roundtrip and harsh winter weather as obstacles to obtaining postal services. The Postal Service explained that upon the implementation of the Final Determination, many retail services currently provided at the Fostoria Post Office will be provided by rural route service to Cluster Boxes.³² In fact, most transactions do not require the customer to meet the rural carrier at a CBU, thereby alleviating the need to travel to the post office for most retail services. Stamps by mail, money order application forms, special services such as certified mail, and requests that mail be held, will be available from the carrier.³³ In addition, non-postal services currently provided by the Fostoria Post Office can be provided by the Spencer and Milford Post Offices, which are both located 7 miles away.³⁴

Additionally, Petitioners raise concerns that the increased impact of inclement weather will make service to Cluster Boxes less effective than service to P.O. Boxes. Specifically, Petitioners cite the inconvenience of having to endure harsh winter conditions when meeting the carrier at the CBU. The Postal Service explained that while inclement weather conditions are a factor in

³¹ FD at 2-10; Item No. 33, Proposal, at 2-10.

³² FD at 2; Item No. 33, Proposal, at 2.

³³ FD at 3-4; Item No. 33, Proposal, at 3-4.

³⁴ FD at 2; Item No., 33, Proposal, at 2.

delivering mail to and collecting mail from CBUs, they are also a factor for curbside mailbox and P.O. Box customers.³⁵ Importantly, most transactions do not require the customer to meet the carrier at their CBU.³⁶ Stamps by mail, money order applications, and special services such as express mail may be obtained by leaving a note for the carrier in the CBU, along with the estimated payment. The carrier will provide a receipt for the money received and provide the requested services on the same day.³⁷ On the next delivery day the carrier will place change or a bill for the amount over the estimate in the customer's CBU.³⁸ Lastly, the Postal Service explained that snow removal is provided by the Postal Service as part of its obligation to maintain CBUs.³⁹

Petitioner J. Shatto also raises concerns about the effect of service to Cluster Boxes on her ability to have mail held. Specifically, Petitioner claims that service to CBUs will mean that her mail will not accumulate in a secure indoor location when she travels for extended periods of time. The record explains that requests that mail be held will be handled by the rural carrier.⁴⁰ Should the Petitioner return prior to the scheduled resumption of her mail service, she may simply request that the administrative Post Office resume delivery.⁴¹ Further, special requests that mail be held for periods longer than thirty days will be

³⁵ FD at 7; Item No., 33, Proposal, at 6-7.

³⁶ FD at 3-4; Item No. 33, Proposal, at 3-4.

³⁷ FD at 6; Item No. 33, Proposal, at 6.

³⁸ FD at 3-4; Item No. 33, Proposal, at 3-4.

³⁹ FD at 6; Item No., 33, Proposal, at 5.

⁴⁰ FD at 4; Item No., 33, Proposal, at 4.

⁴¹ FD at 4; Item No., 33, Proposal, at 4.

handled on a case-by-case basis at the administrative post office.⁴² As always, the Petitioner's mail will be held in a secure indoor location.

Petitioners Jacobson and K. Shatto also raise concerns about the ability of their CBUs to handle the volume of mail they receive. As the AR demonstrates, should the Petitioners' CBUs be inadequate to handle the volume of mail they receive, P.O. Box services will be available at both the Spencer and Milford Post Offices, which are located 7 miles away.⁴³

Further, Petitioner K. Shatto raises concerns about the effect of service to CBUs on her ability to send and receive overnight and 2-day mail. As the Postal Service explained, special services such as Express Mail will be available from the carrier.⁴⁴ Special services may be obtained by leaving a note for the carrier in the CBU, along with an estimated payment. The carrier will provide a receipt for the money received and provide the requested services on the same day. On the next delivery day the carrier will place change or a bill for the amount over the estimate in the customer's CBU.⁴⁵ Should the Petitioner be unable to meet the carrier to receive an Express Mail delivery, the carrier will leave a notice in the CBU and return the attempted delivery item to the administrative post office. The petitioner may subsequently pick up the item at the administrative post office or request redelivery on another day.⁴⁶

Next, Petitioner Voss raises concerns about the effect of service to Cluster Boxes on his business, Atlas Stamp and Seal. In particular, Petitioner Voss

⁴² See U.S.P.S. Frequently Asked Questions, at <http://www.miniurl.com/s/012>

⁴³ FD at 2; Item No. 33, Proposal, at 2.

⁴⁴ FD at 3-4; Item No. 33, Proposal, at 3-4.

⁴⁵ *Id.*

⁴⁶ FD at 4; Item No. 33, Proposal, at 4.

claims that the self-inking stamps manufactured by his company will be ruined if left in a CBU during cold weather conditions. Further, Petitioner Voss claims that additional travel expenses will be imposed on his business, because packages weighing over thirteen ounces cannot be mailed from the CBU. As the Postal Service explained, Petitioner Voss would not need to leave packages containing self-inking stamps in the CBU during cold weather conditions. Instead, Petitioner Voss may meet the rural carrier at the CBU in order to transact business.⁴⁷ The Postal Service further explained that packages over thirteen ounces may be accepted by the rural carrier if the postage is pre-printed using the Postal Service's website or a traceable meter.⁴⁸ A rural carrier is also permitted to pick-up packages weighing thirteen ounces or more if the package is shipped by a known customer, does not have stamps applied, and includes a return address that matches the pick-up point.⁴⁹

Finally, Petitioners Voss and K. Shatto raise concerns about the impact of the closing of the Fostoria Post Office on the community's senior citizens and handicapped residents. In particular, Petitioners cite the danger of falling when accessing Cluster Boxes during winter conditions, and the hardship of having to travel seven miles to the nearest Post Office. The Postal Service explained that carrier service is beneficial to many senior citizens and those who face special challenges because they do not have to travel to the Post Office for service.⁵⁰

⁴⁷ FD at 3-4; Item No.33, Proposal, at 3-4.

⁴⁸ FD at 2: Item No. 33, Proposal, at 2.

⁴⁹ This information was not included in the Administrative Record. However, after further research, the Post Office Review Coordinator determined that rural carriers can accept a parcel over thirteen ounces if the package is shipped by a known customer, does not have stamps applied, and includes a return address that matches the pick-up point.

⁵⁰ FD at 4; Item No. 33, Proposal, at 4.

When packages do not fit in the customers' mail box, the carrier will deliver the package up to ½ mile off the line of travel, at a designated place, such as the customer's porch or under a carport.⁵¹ In hardship cases, such as those discussed by Petitioner K. Shatto, delivery can be made to the home of a customer.⁵²

The Postal Service has considered the impact of closing the Fostoria Post Office upon the provision of postal services to Fostoria customers. Rural route service to CBUs will provide similar access to retail services, thereby alleviating the need to travel to the Post Office for most transactions.⁵³ Thus, the Postal Service properly concluded that all Fostoria customers will continue to receive regular and effective postal services.

Effect Upon the Fostoria Community

Consistent with the mandate in 39 U.S.C. § 404(d) (2) (A) (i), the Postal Service considered the effect of its decision to close the Fostoria Post Office on the Fostoria community. While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role that local Post Offices play in community affairs, and requires consideration of that role whenever the Postal Service proposes to close or consolidate a Post Office.

Fostoria is an incorporated community located in Clay County, Iowa. The Clay County Sheriff's Department provides police protection.⁵⁴ The community is

⁵¹ FD at 2; Item No. 33, Proposal, at 2.

⁵² FD at 4; Item No. 33, Proposal, at 4.

⁵³ FD at 3-4; Item No., 33, Proposal, at 3-4.

⁵⁴ FD at 7; Item No., 33, Proposal, at 8.

administered politically by a Mayor and Council, with fire protection provided by the Fostoria Fire Department.⁵⁵ The questionnaires completed by Fostoria customers indicate that, in general, retirees, self-employed, commuters, farmers, and others who reside in Fostoria must travel elsewhere for certain supplies and services.⁵⁶

In his letter of appeal, Petitioner Voss raises concerns about the effect of the closing of the Fostoria Post Office on local businesses. In particular, Petitioner Voss claims that local residents will patronize businesses in other communities if a local Post Office is not available, and that the lack of postal services will generally hurt the business community. The Postal Service explained that most businesses do not depend on the location of a Post Office, but on the provision of regular and effective postal services.⁵⁷ Given that minimal population growth is expected in the Community,⁵⁸ the Postal Service concluded that carrier service is adequate to service the existing business community and support future growth.⁵⁹ In addition, responses to questionnaires sent to Fostoria customers revealed that a majority of customers will continue to use local businesses if the Post Office closes.⁶⁰

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d) (2) (A) (i), by considering the effect of closing the Fostoria Post Office on the Fostoria Community.

⁵⁵ Id.

⁵⁶ See *Generally*, Item No. 22, Returned Customer Questionnaires and Response Letters.

⁵⁷ FD at 8.

⁵⁸ FD at 8; Item No. 16, Community Survey Sheet, at 1; Item No. 33, Proposal, at 8.

⁵⁹ FD at 8.

⁶⁰ See *Generally* Item No. 22, Returned Customer Questionnaires and Response Letters.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d) (2) (A) (iv). The Postal Service estimates that rural carrier service would cost the Postal Service substantially less than maintaining the Fostoria Post Office while continuing to provide regular and effective service.⁶¹ The estimated annual savings associated with discontinuing the Fostoria Post Office are \$36,936.⁶²

The Postal Service appropriately applied its standard financial analysis when calculating the estimated savings. This analysis takes into account the postmaster's annual salary and benefits, annual lease costs, and the annual costs of replacement service.⁶³ When calculating the cost of replacement services, the Postal Service considers the following cost drivers: the number of additional boxes to be added to the rural route; the additional volume that may be expected per additional box; the number of additional miles to be added to the route; and the total additional annual hours that will be required to service the route.⁶⁴ Since rural route service will be provided to 98 newly installed CBUs, the Postal Service correctly concluded that it would cost \$9,983 annually to establish rural route service.⁶⁵ The Postal Service's approach is both defensible and reasonable: moreover it is efficient while adding comparability across discontinuance studies.

⁶¹ Item No. 21, Questionnaire Cover Letter, at 1.

⁶² FD at 8; Item No. 33, Proposal, at 10.

⁶³ Id.

⁶⁴ Item No. 17, Alternate Service Options/Cost Analysis, at 2.

⁶⁵ Id.

Despite the estimated annual cost savings, Petitioner Voss claims that the Fostoria Post Office should remain open, because it is profitable.⁶⁶ However, the profitability of a Post Office is not determinative of whether it is the most cost-effective means of providing postal services. Indeed, the Final Determination to close the Fostoria Post Office is premised on providing regular and effective postal services in the most cost-efficient manner. Accordingly, when evaluating a Post Office for discontinuance the Postal Service considers a variety of factors including, the postmaster's workload; the availability of other delivery and retail options (including the convenience of delivery and retail services provided by rural carriers); the impact on the community; declining office revenues; and the estimated financial savings.⁶⁷ Here, the Postal Service correctly applied these factors when determining that regular and effective postal services could be more efficiently provided to the Fostoria Community by rural route service to Cluster Boxes.

Petitioner Voss asserts that the Postal Service did not properly consider the additional costs of servicing and maintaining the CBUs. Here, the Postal Service accounted for the cost of replacement service by deducting \$9,983 from its savings calculation.⁶⁸ The Postal Service reached this figure by calculating the cost of providing delivery and retail services to an additional 98 CBUs.⁶⁹ In addition, the Postal Service accounted for a one-time expense of \$5110 to install

⁶⁶ Presumably, the Petitioner reaches this conclusion by subtracting the total annual costs of \$36,936 (FD at 8) from the Fostoria Post Office's 2010 revenues of \$41,223 (FD at 2).

⁶⁷ FD at 2-10.

⁶⁸ FD at 8; Item No. 33, Proposal, at 10.

⁶⁹ Item No. 17, Alternate Service Options/Cost Analysis, at 2.

the necessary units.⁷⁰ Though the Administrative Record does not contain a specific calculation for annual CBU maintenance costs, the Final Determination demonstrates that the Postal Service is aware of, and properly considered its obligation to maintain Cluster Boxes.⁷¹

In conclusion, the Postal Service determined that carrier service is more cost-effective than maintaining the Fostoria Post Office and Postmaster position.⁷² The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations. The Postal Service has therefore complied with its statutory obligations and Commission precedent.⁷³

Effect on Employees

As documented in the Administrative Record, the impact on postal employees is minimal. The Postmaster was promoted on July 2, 2010.⁷⁴ A non-career employee was installed as the temporary officer-in-charge (OIC). Upon implementation of the final determination, the OIC may be separated from the Postal Service; however, attempts will be made to reassign the employee to a nearby postal facility. The record shows that no other employee will be affected by this closing.⁷⁵ Therefore, in making the determination, the Postal Service considered the effect of the closing on employees at the Fostoria Post Office,

⁷⁰ FD at 8; Item No. 33, Proposal, at 10.

⁷¹ FD at 6; Item No. 33, Proposal at 5.

⁷² FD at 8; Item No. 33, Proposal, at 10.

⁷³ See 39 U.S.C. § 404 (d) (2) (A) (iv).

⁷⁴ FD at 2; Item No. 33, Proposal, at 2.

⁷⁵ FD at 10; Item No. 33, Proposal, at 10.

consistent with its statutory obligations.⁷⁶

Conclusion

As reflected throughout the Administrative Record, the Postal Service has followed the proper procedures and carefully considered The effect of closing the Fostoria Post Office on the provision of postal services and on the Fostoria community, as well as the economic savings that would result from the proposed closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d) (2) (A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to Fostoria customers.⁷⁷ The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A). The Postal Service's decision to close the Fostoria Post Office should, accordingly, be affirmed.

The Postal Service respectfully requests that the determination to close the Fostoria Post Office be affirmed.

⁷⁶ See 39 U.S.C. § 404 (d) (2) (A) (ii).

⁷⁷ FD at 10.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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